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Papua New Guinea Today

George K. Tanham, Eleanor S. Wainstein

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This Note examines the current status and recent history of Papua New Guinea, the largest of the recently independent island states of the South Pacific, in the context of the security of the nation and the region. Central to Papua New Guinea's problems are (1) its internal conflict between tribal customs and emergence into the modern world; and (2) relations with its two closest neighbors, Indonesia and Australia. The authors judge that the United States is pursuing the correct policies toward this emerging nation, but they caution that internal conflicts and prickly relations with Indonesia could change suddenly, threaten the security of the area, and possibly involve the United States.

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Papua New Guinea Today

George K. Tanham, Eleanor S. Wainstein

June 1990

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## PREFACE

This Note examines the current political situation in Papua New Guinea through December 1989. The examination is based on interviews conducted by the senior author during two trips to Papua New Guinea and Australia in 1988, on library sources and current literature, and on talks with diplomats, academics, U.S. government officials, and others familiar with Papua New Guinea.

The research for the Note was sponsored by the Under Secretary of Defense for Policy under the auspices of the RAND National Defense Research Institute, a federally funded research and development center supported by the Office of the Secretary of Defense. This Note is part of a larger study on "Security Trends in the South Pacific," performed within RAND's International Security and Defense Policy Program. The study's aim is to take a fresh look at the island countries and their relationships within the region and with the United States. Other studies by the authors concern the islands of Fiji, Vanuatu, Tonga, and New Caledonia.<sup>1</sup>

The authors want especially to thank Mr. James Nockels of the Australian Embassy and Mr. David Hegarty of the Australian National University for their generous assistance. They also thank Ambassador Bierman and Todd Greentree of the U.S. Embassy in Port Moresby for their help and cooperation.

<sup>1</sup>See George K. Tanham and Eleanor S. Wainstein, *Security Trends in the South Pacific: Vanuatu and Fiji*, N-2728-USDP, November 1988; George K. Tanham, *The Kingdom of Tonga*, N-2779-USDP, November 1988; and George K. Tanham, *New Caledonia: The Fragile Peace*, N-3040-USDP, June 1990.

## SUMMARY

Papua New Guinea (PNG), the largest of the newly independent island states in the South Pacific, is facing serious internal security problems, most of which stem from its late emergence into the modern world and the clash of tribal customs and habits with economic development and democracy. Crises of law and order, political instability, economic deficiencies, and, most recently, loss of mining income and the threat of secession by Bougainville, or North Solomons, the nation's richest province, plague the young government. On the island of Bougainville, the copper mining operation that has supplied 17 percent of government revenues and 55 percent of the value of the country's exports for the past 16 years has been closed by guerrillas representing local tribal landholders who demand an increased share of the mining revenues.

PNG's most serious external problems stem from the post-World War II dissolution of colonial empires that gave the western half of New Guinea to Indonesia, thus dividing the island's Melanesian people. Melanesians on both sides of the island—in PNG on the east and in the Indonesian province of Irian Jaya on the west—object to Indonesia's efforts to assimilate the Irian Jayans into their ways. The rugged and poorly marked boundary between the two nations, moreover, has been the flashpoint for repeated disputes and misunderstandings. Members of the small and scattered Melanesian resistance to Indonesian rule in Irian Jaya (known as the Free Papua Movement or OPM) and their sympathizers slip back and forth across the border, inviting pursuit by Indonesian authorities. Since the OPM attracts some unofficial support in PNG, the rebel group has become a source of conflict. The PNG government tries to avoid antagonizing Indonesia by limiting its overt help to OPM, but at the same time it shelters refugees who cross the border. At present both nations are cooperating to avoid border crises.

In any major confrontation with Indonesia, PNG turns to its close neighbor Australia, with whom it has a defense relationship. The Australians, with limited resources, oppose Indonesian intervention in PNG. An Indonesian intervention would put Australia in an awkward position of wanting to help PNG and yet reluctant to jeopardize its delicate and often strained relations with Indonesia.

The United States must remain alert to border and OPM problems since the Australians, under the ANZUS treaty, could request U.S. aid if they were to become involved in PNG's disputes. Such a request would pose a dilemma for the United States, as

we would not wish to alienate a friend, Indonesia, nor an ally, Australia. The United States should encourage both Indonesia and PNG to work closely on these ticklish issues so as to avoid crises.

The present U.S. policy toward PNG has brought a moderate increase in economic and security assistance, and encourages economic development along with a peaceful transition to a modern democratic society. We recommend no change in policy but advise awareness of and attentiveness to the potential for regional confrontations.



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## **I. INTRODUCTION: PAPUA NEW GUINEA IN THE MODERN WORLD**

When observers in the developed world study the rising expectations of peoples in the developing countries, they seldom analyze their own high expectations for these people, which are often unrealistically optimistic. Indigenous leaders who have been exposed to Western ideas can give a very Westernized impression, and may indeed be far more so than the vast majority of their countrymen—many of whom have been brushed only slightly by modern civilization—but they inevitably maintain much of their own culture.

In Papua New Guinea (PNG) and other islands of the South Pacific, the indigenous culture has developed along paths quite different from those of the Western world. We consider the basic element of society to be the rights and welfare of the individual, while the islanders base their society on the family or clan. Land plays a key role, not only for supplying food and shelter but as a basis for clan identity. In Melanesia, land is associated with the spirits of ancestors: accepted from them, held in trust, and passed on to future generations. Only the true owners can communicate with the ancestral spirits. The clan holds the land, shares poverty and wealth, provides the social structure of the people, and allows few provisions other than marriage for the “alienation” of the land, or the relinquishing of it to anyone outside the clan. In modern societies, land has no such profound emotional and symbolic role and is readily bought and sold.

Attempts to move clan members or use land for mining or commercial ventures create serious problems. Most Melanesians do not wish to live on land that they feel is not their own and on which they have no contact with their ancestral spirits. Nor do they wish to see their land desecrated by mining and building. Neither the communal holdings nor the clan sharing is compatible with a modern capitalist society based on private ownership and individual achievement.

The intrusion of the colonial powers created problems of colliding cultures in the islands. Europeans who had little or no understanding of native custom and a different concept of ownership took land for their commercial ventures. The land problem eventually embraced the issue of ethnic differences and, ultimately, nationalism. The indigenous peoples associated it with their desire for independence from the colonial powers; at the same time, it placed a renewed emphasis on individual clan identity and culture.

The struggle of islanders to retain their culture and yet be part of the modern world causes inevitable clashes of values. Melanesians believe that their clans can put spells on those who desert or break the clan rules. With or without spells and punishments, change comes slowly and often with much mental and emotional anguish. Even some well-educated clan members hesitate to risk clan wrath or disapproval.

The coming of the West also magnified old problems in the islands. In precolonial days, certain clan customs such as problem-solving by consensus and oral agreement often led to disputes. Inevitably, elders negotiating among clans would have different memories about agreements concluded orally. Even today the Melanesian oral tradition can lead to misunderstandings with Europeans. For example, in the case of the Matignon Accord in New Caledonia, the Kanaks thought they had a valid agreement with the French and Caldoche after their Paris meeting in the summer of 1988. That agreement was concluded in general terms and hung on oral consensus arrived at after much discussion. The Kanaks paid little attention to the written record of the agreement, however, or to the law approved by the French in the November 1988 referendum, both of which differed from their understanding of the agreement. In March 1989, Tjibaou, the Kanak leader, told the senior author that he thought the French were breaking their word and had deceived him. Sadly he admitted that he and the Kanaks *had not paid close attention* to the written agreement. Whether this deceit was real or not—and the Caldoche and French argue that it was not—it illustrates the fact that in Melanesian society agreements are generally oral, whereas in Western society, lawyers hammer out details and record them in writing.

The attempt to introduce modern society on top of an old and strong culture has not come easily for PNG. Many Westerners believe that PNG is sliding downhill: that law and order has deteriorated, that the government is unstable, and that land problems continue to impede progress. What happened with the Panguna copper mine in Bougainville exemplifies the worst-case scenario of PNG's clash with development. People whose lives centered on their village had their land bargained away by the central government in faraway Port Moresby and received only a small fraction of the proceeds. In the name of progress, their land has been torn up and made unusable for clan purposes.

Clan loyalty continues strong, and feuds and "pay back" are a part of that culture. (The recent murder of a member of Parliament in Mount Hagen is thought to be "pay back.") But while the clan remains the center of the village life and a place of security and familiarity, life with wider horizons and new and different ways is slowly coming. A few may join willingly, but the traditional leaders resist. The youth are attracted especially by

the material aspects of the new ways, but even they are torn and uncertain. The modern problems of gang wars, drugs, and crime, in addition to older conflicts, cause considerable disarray in a transitional society. While the pull of the modern world is powerful, it cannot in a few years demolish old culture and ways of life that have served the people well.

## II. BACKGROUND OF THE NATION

### LAND AND PEOPLE

Papua New Guinea, a tropical country approximately the size of California, shares the island of New Guinea with Indonesia and lies astride Australia's northeastern coast. (See Fig. 1.) Its outer islands extend eastward to the Solomon Islands, constituting part of the Indonesian-Australian chain that dominates the sea-lanes and air lanes between the western Pacific and the Indian Ocean.

Historically, PNG's geographic features such as tropical climate and formidable terrain have impeded explorers and armies alike, and even today they stymie efforts to construct transportation and communication networks. A broad mountain range runs northwest from Milne Bay to the Irian Jaya border south of Vainimo on the coast, not as a single chain but in a complex of ridges and broad grassy valleys; altitudes range from 5,000 to 10,000 feet, and some peaks reach almost 15,000 feet. Over 70 percent of the landmass is covered with tropical forest; the coastal areas have some of the most extensive forested swamps in the world. Papua New Guinea's mainland contains approximately 85 percent of the country's land area, while the islands to the north and east, including Bougainville, New Britain, New Ireland, and Manus, comprise the remainder. The natural barriers led to an isolation of tribes and villages, even allowing some tribes to remain unknown to the outside world until as late as the 1950s. Cut off from each other, the peoples of PNG have developed over 700 distinct languages.

Of PNG's approximately 3.65 million people, approximately three-fourths still live in a traditional agricultural economy based on the village and tribe, units that constitute the primary loyalty for most Papua New Guineans. Custom dominates PNG village life and the lives of many in urban areas. Fundamental to society is the *wantok* system—*wantok* meaning "one-talk" or those who speak the same language. It binds the clan or tribe, the leader of which is the "big man," who customarily earns the position, although some few inherit it. The "big man" is obligated to extend patronage to his clan. When decisions must be made on tribal matters, members do so largely through consensus. Some elements of "cargo cult" thinking also prevail and, along with *wantok*, influence current culture and politics.<sup>1</sup>

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<sup>1</sup>Cargo cult adherents believe that by engaging in religious-magic rituals, they will acquire certain Western goods, wealth, or "cargo," often through a known Western figure. When the event does not take place, the cult usually disappears. Cargo cults reflect a pro-Western bent, but some observers judge that failure of the cult rituals to deliver over the long run could lead to frustration and anti-Western attitudes.

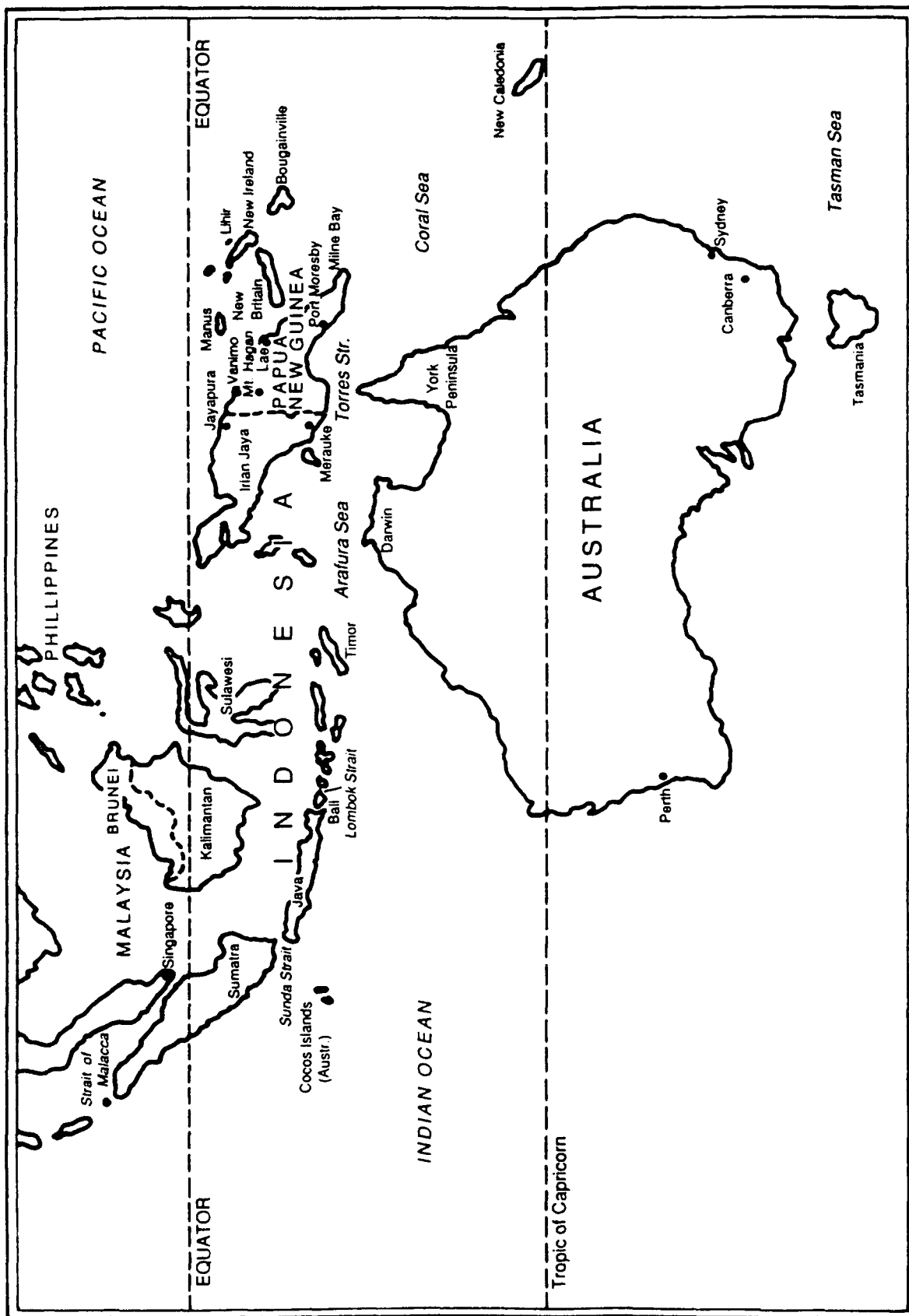


Fig. 1—Map of Papua New Guinea, Australia, and Indonesia

As in the other islands of the South Pacific, land is a major element of village society. Under their clan ownership system, the tribal members have a high level of subsistence wealth, well above that of the Third World's landless peasantry. Alienation of the land by outsiders has caused strife in all the South Pacific, and efforts have been made to regain some of the estimated 10 percent of PNG's land that was appropriated or purchased before independence.

Ninety-eight percent of PNG's people are native Melanesians. The remaining population is composed of other islanders, Australians, British, or Asians. As a result of late nineteenth-century European and American missionary efforts, at least three-quarters of the people are nominal Christians. This religious background, along with tribal and clan loyalties, bolsters a conservative bent in Papua New Guinean society.

Although sighted and named by Portuguese and Spanish navigators in the sixteenth century and visited by northern Europeans in the following centuries, PNG had few contacts with the outside world until the late nineteenth century. In 1884 the British, at the urging of Australian colonists, made a protectorate of Papua, the southeast quarter of the island. Germany took over the northeast quarter and the islands of the Bismarck Archipelago, New Britain, and Bougainville, where they grew coconuts and traded coconut products, or copra. The Dutch incorporated the western half of the island into their East Indian empire. Australia began administration of Papua in 1906, and in 1914, during World War I, occupied German New Guinea. After the war, the entire eastern half of New Guinea and the islands remained under Australian mandate until it became the independent nation of Papua New Guinea in September 1975.

Until recently the presence of Europeans in New Guinea brought little progress to the village peoples. Only after World War II did Australia make even limited efforts to develop a national infrastructure that could support economic development and a nation-state. There were few schools, most of which were run by missionaries, and district officers (kiaps) ran their districts with a minimum of assistance from Port Moresby and few resources to help people.

## **POLITICAL DEVELOPMENT**

As Papua New Guinea's 1975 independence neared, Australia set up the framework for a parliamentary government and held elections. However, in keeping with its history of tribal isolation, PNG's national cohesion has been challenged constantly by regional and local fragmentation. In the 1970s only a small elite of New Guineans, led by Michael

Somare, had the vision of PNG as a nation. Some opposed Somare's views and wanted varying degrees of local control. On the island of Bougainville, for example, where a major copper mine and other economic ventures were being undertaken, the locals wanted more compensation for the use of their land than the new PNG government offered. Therefore, in September 1975 Bougainville (the province of North Solomons) declared independence as a separate state. The Papuans, in the southern part of the country, also had reservations about being absorbed into the state; in March 1975 the local Papua Besena Party had declared Papua an independent state. In response to these local demands, the constitution was modified in 1976 to give significant powers to all 19 provincial governments. This decentralization allowed the provinces more control over mineral rights and also fostered the growth of a provincial-level bureaucracy.

Papua New Guinea has a Westminster-type government with a Parliament universally elected under a policy of "first-past-the post," reflecting the fluid and often egalitarian politics of "big man" leadership. Since political parties are numerous, a large number of candidates usually vie for each seat and bring about situations like the recent election in which the winner claimed a mere 7 percent of the vote. Because parties have no firm ideologies, they can command only personal loyalties, and such loyalties are weak. Forming a government in this system of incohesive parties presents a formidable task and maintaining it an even more difficult one. If a member of Parliament (MP) is offered a ministerial position by a party not his own, he very likely will bolt his party. Leaders try to maintain the loyalty of their members during the formation of a government by such extreme measures as closeting them in hotels or, as in one recent case, taking them to Australia.

Loyalties to four geographic regions have developed over the years. The highlands in the central part of the country constitute one region; Papua, largely the southern coast but including some of the highland area, is the second; the northern coast from the boundary with Indonesia eastward to Lae is the third; and the islands make up the fourth.

The highlanders are highly aggressive and hard workers. With a somewhat cooler climate than the rest of PNG, they have agricultural and mineral riches as well as 40 percent of the population. The Papua area lacks minerals or rich soil. Papuans, who tend to be less dynamic, generally feel endangered by highlanders. Many of the latter have migrated to the capital city of Port Moresby where they have caused ethnic conflict, often by becoming rivals for Papuan women. The northerners have contributed important leaders to PNG politics, among them Michael Somare, the country's first prime minister and present foreign minister. Bougainvilleans have darker skins than the main island peoples and feel racially



superior. Relatively better educated by missionaries, they have agricultural and mineral riches that have been developed and contribute a large share of PNG's national product.

Since independence this regionalization has intensified, along with competition for political power and wealth under the national government. Most of the political parties reflect regional interests. The People's Action Party is primarily Papuan. The Melanesian Alliance and the People's Progressive Party tend to represent the islanders, and the People's Democratic Movement and National Party the highlanders. Recognizing this regionalism, Somare, as leader of the independence movement, formed a comprehensive national party, the Pangu Party. Pangu is PNG's largest and longest-lived party and has the best national network. In the process of forming governments, leaders must strike a balance among party, regional, and national interests.

The decentralization policy that gave a large degree of autonomy to the 19 provinces in 1976 has resulted in large bureaucracies that add redundant layers of government personnel and overburden the taxpayers. Critics cite the exorbitant funds going to national and provincial government salaries that would serve better if diverted to development. Inequities in wealth among the provinces increase with exploitation of resources and contribute to instability. One suggested reform is to do away with the 19 provincial governments and consolidate local government under four regions described above. However, provincial bureaucracies have become well entrenched, and to abolish large numbers of jobs—jobs that mean power and clout to the holders—would be an unpopular and dangerous step. Even though the bureaucracy is inefficient, its size and permanent nature give the government a certain stability. Also, since the task of the provincial governments is to link national and local political entities, they support national unity.

Despite its political problems, Papua New Guinea has a vigorous democracy, fair elections, and a lively though often irresponsible parliamentary opposition. Strong participation throughout the system, a free press, and unrestricted debate add to the democratic process.

## **ECONOMY**

Papua New Guinea's Gross National Product (GNP) per capita is US \$700 annually, and unemployment poses a serious problem, especially in the urban areas. In the early 1980s the GNP grew 2 percent per year, but population growth outstripped this rate, as did the number of people seeking to enter the work force. The lack of a basic infrastructure—roads, railroads, electric power transmission—delays or prevents access to

resources and poses serious obstacles to development. The capital city of Port Moresby, for example, has no road or rail network to connect it with the rest of the country.<sup>2</sup>

PNG's market economy depends principally on its mineral and agricultural products: gold, copper, coffee, cocoa, palm oil, lumber, copra, and rubber. Manufacturing is an undeveloped sector, and the present lack of a trained labor force and infrastructure give scant encouragement for its potential. What manufacturing there is consists mostly of food processing and, to a lesser extent, wood and metal processing. The government is now seeking foreign investment to build up the processing industries and plans to institute training programs to expand the available work force.

Approximately 85 percent of PNG's population engages in agriculture. Accounting for 35 percent of domestic product, the agricultural sector divides into two types of farming: subsistence (45 percent) and cash cropping (55 percent). The latter has been remarkably successful, providing 40 percent of PNG's exports. Since independence, total agricultural output has expanded at roughly the pace of population growth. There is potential for even faster growth, however, and planning for such expansion is under way. Government policies for the future aim toward introduction of new technologies in agriculture, education opportunities for workers in all levels of agricultural processes, expansion of the basic infrastructure, and assistance in marketing and pricing. The aim is not only to expand production and markets, but to stimulate employment and income in rural areas in order to stem migration from tribal areas to cities. Government programs will help reach these goals, but tribal policies to increase subsistence wealth and cash cropping will be key.

The mining sector accounts for approximately 15 percent of PNG's domestic product and 60 percent of its exports.<sup>3</sup> Gold and copper from Bougainville Copper, Limited, on Bougainville and the Ok Tedi Mining Company on the main island have been the main source of revenues and exports. Bougainville's copper mine alone has contributed approximately 44 percent of the value of PNG's exports over the past 16 years. Other rich gold deposits have been discovered and will bring PNG high revenues in the coming decade.<sup>4</sup> Prospectors have found oil and gas resources in remote locations, but difficulties

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<sup>2</sup>Some Papuans reportedly do not want roads connecting Port Moresby to the highlands as they would entice more unemployed highland youths to the city, where "rascal" gangs are already a serious problem.

<sup>3</sup>The World Bank, *Papua New Guinea*, Vol. I, Washington, D.C., 1988, p. 15. These figures are for 1988; the mining sector will show a reduced share for 1989 because of the Bougainville mine's closing.

<sup>4</sup>The Lihir island gold deposit, said to be the largest discovered outside South Africa, is expected to be in production in 1991 and to produce an estimated 800,000 ounces in its first eight years. PNG government will have a 20 percent share, and American and

of access have delayed exploitation. A consortium of six companies headed by Chevron has found oil in the southern highlands and is awaiting the government's go-ahead for development; estimates of the size and commercial potential vary.

While many forecasters see the mining sector as the key to development and riches for PNG, certain conditions cloud such an outlook. Extracting minerals and exporting them contribute enormously to investor profits and government coffers, but little to local economies and employment. At present less than 1 percent of the total work force is employed in mining, and most of the goods required for mining operations are imported.<sup>5</sup> These factors exacerbate a further problem for the mines—land ownership—which we will consider a bit later on.

In 1975, the new nation's economic goals emphasized stability, both monetary and economic, which would create a domestic and international climate of confidence in PNG and encourage long-term development. At that time, the Australian government provided large amounts of budget support, Australian private investment formed the basis of many economic ventures, and Australian expatriates occupied positions throughout the new government. This vested interest of the former colonial masters reinforced the policies directed toward maintaining stability, and continues to do so today.

Unfortunately, PNG's economy did not fare well. World commodity prices fell while the kina<sup>6</sup> was kept stable—meaning mounting losses for a commodity-exporting country. The labor supply grew faster than the number of jobs, and economic growth remained sluggish. At the turn of the 1980s the Australian government, with its aid amounting to 40 to 45 percent of PNG's budget, took a close look at PNG's faltering economy. The resulting Jackson Committee Report for Parliament in 1984 found PNG's growth rate in the late 1970s to be only half the rate of sub-Saharan Africa and lagging behind that of its neighbors in the region. Other reviews were also critical and prompted the Australian government to work with PNG and effect economic growth. In response the PNG government allowed the kina to depreciate a total of 15 percent,<sup>7</sup> and also adopted a new planning process designed to aid its economic development. The plan that came out of that process in 1985 included strategies to: stress economic growth, improve agricultural yields, increase income-earning opportunities in rural areas, achieve fiscal self-reliance, and reduce social and economic inequalities.

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Australian companies will control most of the remainder. *Pacific Report*, April 13, 1989, p. 5.

<sup>5</sup>World Bank, op. cit., p. 16.

<sup>6</sup>PNG unit of currency, 1 kina equals approximately US \$1.10.

<sup>7</sup>World Bank, op. cit., p. 46.

At Australia's initiative, PNG has reduced its reliance on Australian budgetary support: that support amounted to 11 percent of the Gross Domestic Product (GDP) in 1981 to 1984, but is estimated at 6 percent in 1988. This, according to the World Bank, testified to improved management of the economy.<sup>8</sup>

One of PNG's highest priorities is to create jobs for youth entering the labor market and for those who can no longer find employment in the traditional economy. In the mid-1980s, only 10 percent of school leavers could find paid employment.<sup>9</sup> Many of the remainder are absorbed into the subsistence economy, but many also create social as well as economic problems by drifting into urban unemployment.

## CURRENT PROBLEMS

### Land Tenure

Of the major problems standing in the way of PNG's progress, land tenure and use is currently the most critical. This issue has caused the closure of PNG's most profitable mining venture, the giant Panguna copper mine on Bougainville, and as a result has weakened the Namaliu administration and reduced national budget revenues.

Bougainville Copper Limited (BCL) is owned almost 20 percent by the PNG government, 53 percent by the Australian parent company, and 27.3 percent by public (foreign) stockholders. In the past 16 years the government's earnings have amounted to 17 percent of total government revenue, while the mine's local landowners have received \$17 million in compensation, royalties, and social services.<sup>10</sup> The landowners have also received a polluted river, a mountain of tailings, and one of the largest holes ever made by man.

When BCL and the government negotiated the lease in 1967, they disregarded claims by local landowners for compensation until protests forced a concession of 1.25 percent of royalties.<sup>11</sup> The company later took over land for a town and port facilities, but the

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<sup>8</sup>Ibid., p. 66. The World Bank also predicted a further drop in Australian budget support in the next decade, but loss of government revenue from the Bougainville mine may necessitate an increase in such support.

<sup>9</sup>Brian Brogan, "Domestic Pressures on Development in Papua New Guinea," paper presented at conference of Australian Institute of International Affairs, Melbourne, March 14-16, 1986.

<sup>10</sup>*Pacific Islands Monthly*, January 1989, p. 18. An informed observer reports that the Australian colonial administration negotiated with BCL so that PNG could have this independent resource by the time of independence.

<sup>11</sup>One source told the authors that title to the land was put in the hands of seven clan elders who, at the time of independence, were made responsible for distributing compensation. It is now known that the distribution among tribe members has not been equitable, and consequently, some younger members demanded redress.

landowners did not receive compensation until they resorted to civil disobedience. Although the constitution adopted at independence stated that the surface of land belongs to the people and that which is beneath it to the state, demands made since by Bougainvilleans for just compensation for their land were left unanswered. Dissatisfaction built up among landowners, and in April 1988 they renewed a demand for 10 billion kina as their just share of profits. As it had in preindependence days, the company again allowed the issue to languish.

In late November 1988, following a breakdown in communications among the contending parties, locals led by a former BCL surveyor, Francis Ona, stole large quantities of company explosives and proceeded to attack BCL installations. Ona and his followers took on the role of guerrilla fighters, toppling transmission towers, crippling company facilities, and then disappearing. These rebels, some armed with bows and arrows and others with stolen army equipment, have since kept up their harassment and brought about the indefinite closure of the mine. In one year, the violence claimed 44 lives and jeopardized the livelihood of thousands. Many mine workers and other residents who came originally from the main island have moved back there.

Ona and his men made three demands: 10 billion kina in compensation for all they judged to be owed the tribe since the mine opened, expulsion of BCL from Bougainville, and secession of Bougainville from PNG. Largely symbolic, these demands represented their opening negotiating position. The central government did not respond at first by negotiating, but instead sent in police and Papua New Guinea Defense Force (PNGDF) troops to restore order and keep the mine open. Feelings quickly hardened between the national and local government, as the Bougainvilleans resented being policed by outsiders and criticized by the government for failing to back police in capturing guerrillas. Racial antagonisms also flared, between "red-skinned" main islanders and darker-skinned Bougainvilleans.

As the violence continued, Prime Minister Namaliu in April 1989 made a settlement offer to the provincial government, the terms of which were intended as national policy. The PNG government would offer approximately half its shares in BCL to the landowners: 4.9 percent of their 19.1 percent holdings to be sold at cost, and a further 5.1 percent at current market value. Economic benefits for the province also made up part of the offer. The provincial governor accepted, but other parties to the dispute demurred. The government further angered Ona and his militant followers by presenting its offer as an ultimatum. The central government's response has been to send in more troops; at the time of this writing, 75 percent of the nation's defense forces are in Bougainville.

The government evacuated approximately 4000 villagers from their homes near the mine because security force activity might endanger them. They are temporarily housed in detention centers until the government can construct new housing. Authorities have found it difficult to distinguish Ona's Bougainville Revolutionary Army men from ordinary criminals who take advantage of chaos. A cargo cult leader has recently been gaining influence over local villagers. Damien Damen and his 50 Toca cult shun modernity and advocate both a separate state and closing of the mine. Since the rebels depend on the villagers to conceal and supply them, any split in Ona's following would weaken his position.

The government's military/political pressure on the islanders has proved ineffective. In late November 1989, after urging by Bougainville clergy and some foreign governments, including the United States, Namaliu convened a meeting to lay the groundwork for negotiations. Cabinet members, province officials, representatives of the Panguna landowners and clergy attended, but they failed to agree on a blueprint for settlement. One result was the government announcement that it would start to thin out security forces on the island. The militants, however, demanded withdrawal of all security forces and secession of the island province. The government responded that forces would remain until the rebels negotiated a settlement. By year's end the deadlock continued.

Bougainville Copper, for its part, has given up hope for a prompt reopening of the mine and has begun to mothball the plant and equipment and to find jobs and new environments for the workers. More than 2000 workers must find work elsewhere while 300 remain as caretakers. The company and the national government will bear the costs.

The drive for Bougainville secession, one of Ona's demands, maintains a strong following. A separate state politically free from the dominance of Port Moresby and economically free to manage its own resources is very much in the minds of Bougainvilleans. Also the goals of many are the money and power to be gained from the island's rich natural resources—both of which now flow to the national government and to foreigners.

A strong Bougainville separatist movement accompanied by the promise of continuing prosperity could lead to further civil disobedience and a break from an ailing PNG. We judge it unlikely that independence for Bougainville would tempt other potentially prosperous provinces to follow suit, for two reasons. First, separatism is not endemic in other regions, and second, many consider Bougainville as geographically part of the Solomon Islands.

## Law and Order

Government at all levels in PNG faces a serious challenge to law and order from both the citizenry and the forces responsible for maintaining order. Tribal practices and competition underlie much of the unrest. With the politics of the tribes based on the "big man," rivalry within the tribe makes for instability. Villages and tribes are also in constant competition, such that even accidents or confrontations about property and boundaries can lead to tribal war.

In recent years considerable numbers of villagers have migrated to cities where housing shortages, poverty, unemployment, and lack of the authority formerly provided by the clan have led many to crime. "Rascal gangs" of unemployed youth roam not only the cities but the highland highway, engaging in attacks, robberies, and rapes. One observer judged such actions as tribal practices applied to cities and modern institutions.<sup>12</sup> Many such attacks on expatriates and visitors have discouraged travel and tourism.

Those responsible for maintaining order have also contributed to undermining order. For example, in mid-1988 civilian authorities ordered the military to vacate the airfield at Lae and move elsewhere, but did not appropriate resources to make the move. Consequently, the defense forces refused. They remained at the airfield for more than a month. When they finally moved out, the commander apologized. Their defiance of authorities stirred much comment in the PNG press.

PNGDF enlisted men have on occasion defied their commanders. The most serious act of defiance occurred in February 1989, when enlisted men stationed in the capital area failed to receive a promised pay raise but at the same time heard reports that officers had received the raise. In protest the enlisted men marched through Port Moresby armed with sticks and stones, smashing cars and breaking windows of the Parliament building.<sup>13</sup> The government declared an administrative error responsible for the delay in the pay raise and corrected the imbalance but laid the blame on the PNGDF commander and the defense secretary, suspending both. A defense inquiry cleared them of blame but both resigned. Confidence in both the PNGDF and government leaders suffered a setback.

Police also have publicly displayed their displeasure with authority. In March after Police Commissioner Tohian complained about lack of local support in Bougainville, Father Momis, MP from the island, criticized Tohian and reportedly implied that he should be fired. In defense of Tohian, 100 riot squad police demonstrated in front of Momis's house in Port Moresby, after which Momis apologized.<sup>14</sup>

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<sup>12</sup>Conversations with Todd Greentree of the American Embassy in Port Moresby.

<sup>13</sup>*Asian Bulletin*, March 1989, p. 47.

<sup>14</sup>*Islands Business*, March/April 1989, pp. 11-12.

criticism and verbal confrontations are not part of the society. Third, the political party system as we know it has not yet truly caught on with either the members or the electorate. Party programs and platforms have not stressed distinctive party politics, hence parties lack cohesion. On the positive side, New Guinea tribal politics have always been fluid, competitive, and open, and these traits fit well with a democracy.

Basic to the problem of frequent turnovers of government is the constitutional issue regarding no-confidence votes in the legislature. The constitution allows a no-confidence vote six months after a government is formed, with no provisions for dissolving Parliament. The possibility of such a vote constantly threatens the government in power and has caused Prime Ministers Wingti and Namaliu to adjourn Parliament for a few months at a time. Many MPs put their own interests or those of the tribe first, followed in descending order by loyalty to province and region, to party leader, and lastly to the national interests. With a view toward more political stability, politicians have recently voiced their intentions to change the constitution and lengthen the six-month period for a no-confidence vote.<sup>17</sup> The present prime minister, Rabbie Namaliu, publicly stated that his administration would effect this constitutional change, but after more than a year in office it has not succeeded in doing so.

In many ways the nation has made progress: the bureaucracy is functioning, though not in a superior manner; the government passes laws, collects taxes, and provides schools and health facilities; democracy survives; the government has not foundered, nor has any province seceded. The business sector has an interest in and supports a stable government. PNG is exploiting its riches and beginning to grapple with the obstacles to progress. This rather optimistic view should not, however, mask PNG's serious problems.

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<sup>17</sup>Interview with David Hegarty of the Australian National University, Canberra, June 1988.



These incidents indicate that respect for authority is fragile among both citizens and officials. Any coincidence of simultaneous crises, such as tribal fighting, breakdown of law and order, and further rebel activity in Bougainville, could overtax authorities at all levels. Long-term economic gains would suffer since foreign investors, on whom growth depends, hesitate to invest capital in a country where lawlessness threatens their operations and profits.

### **Government Stability**

Various customs, characteristics, and practices exist in PNG that observers judge as causes or indications of government instability. Some of these may disappear as the young nation matures, but others may indeed contribute to an insecure future for PNG's government.

The basic village society, rather than the nation-state, commands the strongest loyalties of New Guineans and here "big man" politics prevails. Beyond the village chiefs, the provincial level of bureaucracy serves the people, although some villages have remained isolated from the provincial government. Most citizens have little notion of the larger unit of a nation. Indeed, many representatives of the village elected to the national government are initially ignorant of the structure and demands of the country as a whole.<sup>15</sup>

Papua New Guinea has made little effort to develop a sense of nationhood. A comparison with its neighbor Indonesia reveals a striking contrast. The Indonesian central government puts a great deal of effort into incorporating the different peoples of its many islands into the Indonesian family. All children are taught about the nation, its culture, and the principles of its national ideology of *pancasila*, and all learn the Indonesian language.<sup>16</sup> PNG schools teach English, and authorities hope English will take over as the common language of the future. Few other nation-building efforts have been undertaken.

New Guineans do not yet have the traditions of a parliamentary system and face obstacles to a full transition to such a system. First, because of the high turnover of MPs each legislative session has a large contingent of inexperienced members who must learn on the job. Second, the Melanesian way of governing has traditionally been one of arriving at a consensus instead of voting directly for or against a specific motion. Open advocacy or

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<sup>15</sup>Concluded from observations made by the senior author during two visits to Papua New Guinea and from interviews with Papua New Guineans and Australian officials and expatriates in 1988 and 1989.

<sup>16</sup>The Indonesian ideological base, *pancasila*, consists of five principles: belief in one God, humanitarianism, national unity, democracy, and social justice.

### III. FOREIGN RELATIONS

Papua New Guinea's foreign policy emphasizes good relations with all nations, which is a sound policy for a small new nation and a way to emphasize its independence. Economic considerations also support broad foreign relationships, especially with Japan, the Association of Southeast Asian Nations (ASEAN), and the United States. Furthermore, PNG seeks ties to nondemocratic countries. According to Foreign Minister Somare, the Pangu Party's policy affords equal treatment to both large communist powers. Consequently, the People's Republic of China has an embassy in PNG, and the Soviet Union will have one shortly.<sup>1</sup> As a further indication of its independence, PNG has joined the Non-Aligned Movement (NAM).<sup>2</sup> PNG has observer status in ASEAN. During the Wingti administration it actively sought full membership in ASEAN, but was rebuffed. The Namaliu administration emphasizes expansion of relations with East Asia and at the same time seeks consolidation with the South Pacific states and the South Pacific Forum.<sup>3</sup>

PNG plays an important role in the South Pacific. In 1980, PNG demonstrated its willingness to assist its Melanesian neighbors when it sent a troop contingent to newly independent Vanuatu to help defuse a foreign-supported secessionist movement on Espiritu Santo island. Australia lent crucial assistance by airlifting PNG troops to Vanuatu and giving other support services.

In May 1988 when Vanuatu's Prime Minister Lini faced a threatened ouster, Prime Minister Wingti agreed to send a police contingent to support him.<sup>4</sup> The situation improved, however, and intervention was not required.

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<sup>1</sup>Although diplomatic relations were established between PNG and the Soviet Union in 1976 through its Canberra Embassy, the Soviet Union did not make a formal request to establish a diplomatic mission in Port Moresby until March 1988. The presence of a Soviet embassy soon became a contentious issue in the government and among its critics. PNG's Foreign Minister Somare granted the USSR request only after a thorough review. PNG has also been negotiating with the Soviets on the subject of a fishing treaty.

<sup>2</sup>Indonesia urged PNG to join NAM, as it needed PNG's vote in support of its bid to host the next NAM meeting.

<sup>3</sup>The South Pacific Forum, founded in 1971, is a regional organization of the newly independent and self-governing nations and Australia and New Zealand.

<sup>4</sup>Julius Chan of Parliament and former Deputy Prime Minister has long advocated establishing a peacekeeping force of indigenous people for the South Pacific region in order to perform missions such as these.

In 1986 at PNG's instigation, three South Pacific Forum members—PNG, Vanuatu, and the Solomon Islands—formed the Melanesian Spearhead Group. The three nations strongly denounced colonialism, in particular French colonialism in New Caledonia where 44 percent of the population is Melanesian. They anticipate that an independent New Caledonia will join the Spearhead. The Spearhead also advocates termination of French nuclear testing in the Pacific. The present PNG administration under Prime Minister Namaliu, however, does not support the concept of an active Spearhead group. Foreign Minister Somare, never an enthusiast for it, believes that the South Pacific region should not be divided along racial lines. He argues that because PNG is the largest of the island countries, its duty is to pull all Pacific Forum members together, rather than promote ethnic divisiveness.

### **PAPUA NEW GUINEA AND INDONESIA**

Indonesia looms large in PNG foreign policy considerations. PNG's formidable neighbor to the west, with whom it shares a land border, has a population of 180 million and a powerful central government headed for over two decades by a general. From PNG's perspective, recent Indonesian history shows an expansionist if not openly aggressive trend. Papua New Guineans have not forgotten Indonesia's 1963-1966 "confrontation" with Malaysia, its acquisition of Irian Jaya in the same decade, and its 1975 annexation of East Timor. Although Indonesia justifies these actions as defensive or necessary to preserve national borders and internal stability, PNG understandably fears that its giant neighbor might some day direct its aggressiveness to the east. The 3.6 million population of Papua New Guinea, its army of only two battalions, and its somewhat unstable government are in sharp contrast to counterparts in Indonesia.

Indonesia, the fifth most populous nation in the world and one with an increasingly broad international perspective, is a regional power and the leading member of ASEAN. Its problems with PNG are essentially extensions of its internal security problems.

Issues that cause tension between PNG and Indonesia stem from the division of this Melanesian island and the incorporation of Irian Jaya (western New Guinea) into Indonesia in the late 1960s. We consider below the most serious of these sociopolitical issues as well as the Free Papua Movement (Organisasi Papua Merdeka or OPM) and problems stemming from the boundary between the two countries.

### **Sociopolitical Issues**

In the early 1960s the Dutch and Australians discussed a united Melanesian state for the entire island of New Guinea, but Indonesia claimed this remaining part of the Dutch empire. The United States, trying to woo Sukarno from the communist bloc, put its weight behind Indonesia's claim. Australia followed suit, and the United Nations took over the area and sponsored its Act of Free Choice—a vote in the area which favored making Irian Jaya part of Indonesia.<sup>5</sup> During this time, Indonesia reinforced its claims by occupying Irian Jaya. Papua New Guineans still harbor resentments toward the United States for weighing on the side of Indonesia in this matter and blame it for the division of the island.

In addition to these political factors, certain socioeconomic programs and policies of the Indonesians have caused dissension among Melanesian Irian Jayans. The Indonesian government has taken specific measures to integrate and assimilate the Melanesians, whose indigenous social organization resembles that of tribal PNG, into the Indonesian state. They preach Indonesian nationalism and teach the Indonesian language, just as they have done in all their other islands. From the Indonesian perspective, these programs are nation-building, but to ardent Melanesians they resemble cultural or ethnic genocide.

The Indonesian program of transmigration, whereby citizens from Java—an island the size of New York State with a population of about 100 million—are resettled in other parts of the archipelago, has aroused resentment and threatened the perpetuation of Irian Jaya's Melanesian social system. From 1969 through 1984, financial help from the World Bank and other international agencies enabled Indonesia to move 1.7 million Javanese, 56,700 of whom went to Irian Jaya. The 1984-1989 five-year program intended to settle 600,000 citizens there.<sup>6</sup> The program did not attain this goal, however, and has been halted for the time being because of its cost to the Indonesian government.

In addition to the thousands of Indonesians brought to Irian Jaya by the government, many others have migrated there in search of jobs and opportunity. Many have filled government slots and other urban jobs, and a large number have become small merchants in villages and towns and are known as the shopkeepers of the province. In recent years the Indonesian government has also encouraged foreign business investment in the province. This has gone largely into the extractive industries—minerals, petroleum, and timber—which

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<sup>5</sup>The vote was not a popular vote but one that polled local officials who were largely beholden to Indonesia. Thus, power politics, not the wishes of the indigenous peoples, was the deciding factor.

<sup>6</sup>H. Arndt, "Transmigration to Irian Jaya," in R. J. May (ed.), *Between Two Nations*, Robert Brown and Associates Ltd., Bathurst, Australia, 1986, p. 172.

take Irianese land, create few jobs, and return only a small percentage of the profits to the community. The result is that for the most part the indigenous peoples have benefited little and remain at the bottom of the socioeconomic order in a land they consider their own.

### **OPM—The Free Papuan Movement**

As the Indonesians took over Irian Jaya, a small independence movement, the Free Papua Movement (Organisasi Papua Merdeka, better known as OPM) developed. The generic term "movement" is appropriate as the OPM is loosely organized, to some degree along tribal lines, far different from a unified independence organization. From its beginning the movement has consisted of a collection of locally led bands. Two of the most important bands are Victoria and Pemka, the former founded by Seth Rumkorem and the latter by Jacob Prai. Personal rivalry and differences over policy issues, such as accepting aid from communist countries, led to dissension between these two main bands that reached the point of open hostilities in the 1970s.

Local OPM leaders still maintain close ties with the villagers, who provide information and assistance, and with activists in the city of Jayapura. Leadership comes mainly from the educated elite of Irian Jaya, many of whom were alienated when Indonesians took over government responsibilities and displaced native Melanesians. Although unverified reports of outside assistance continue, the poor state of OPM's weaponry and equipment suggests either that foreign aid is not extensive or that it fails to reach its destined groups.<sup>7</sup> OPM guerrilla leaders claim thousands of men, but most estimates put guerrilla strength in the hundreds at most, with perhaps thousands of unorganized supporters and sympathizers.

In 1989, the OPM continues its struggle. While it has created PNG's most difficult foreign policy issue and one that sometimes dominates PNG-Indonesian relations, it is not a major threat to Indonesian rule. Indonesia has only three battalions stationed in the province, but these are well equipped and often supported by helicopters and jet aircraft. Even minor OPM activities have elicited strong military reaction from the Indonesians. In the past, they have been unpublicized. In July of this year, however, the Indonesian military commander Major General Abinowo Nukmin announced the surrender of an OPM leader after a five-month security operation against the OPM in Irian Jaya.<sup>8</sup>

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<sup>7</sup>After the Dutch left, a few Melanesians fled to Holland where they organized to press for political independence for their homeland. Another small group went to Senegal where they support OPM and other independence efforts. These external groups apparently maintain only loose relations with the leaders in Irian Jaya.

<sup>8</sup>In the past, the Indonesian authorities have suppressed reports of separatism and

### **Boundary Problems**

The remote jungle environment in the border area has made surveys and boundary marking difficult; it has also inhibited effective border area surveillance. Local residents move freely across the boundary, often unaware of its location. Since some illegal crossings are of mutual concern to both countries, they demonstrate the need on both sides for better marking. In 1974 the Australians and PNG worked out an agreement with Indonesia to survey and mark the boundary. To this day, however, most of the boundary is in almost impenetrable jungle and poorly guarded, and markings can easily be missed in the heavy vegetation—conditions that enable the OPM guerrillas to seek refuge across the border at will.

In December 1979, Indonesia and PNG renegotiated and signed a new border agreement in Jakarta. Among other cooperative moves, the agreement provides for establishment of a Joint Border Committee to meet regularly and an expanded administrative apparatus to deal with the problems. This committee meets regularly and is judged a success.

The next few years brought mounting tensions: engagements between the OPM and Indonesian forces and Indonesian roundups of OPM sympathizers and supporters have encouraged members to seek refuge across the border in PNG, and in pursuit, Indonesian forces sometimes have violated the border. PNG, determined to maintain the integrity of its borders, has continuously registered official objections to Indonesian troops' transgressions. Border crossers necessitated the creation of refugee camps in PNG. Capturing the headlines in 1983 and creating added tension was the discovery that Indonesia's trans-Irian Jaya highway then under construction crossed the border into PNG in three places. A formal protest, border committee meetings, and diplomatic maneuvering followed, and the two governments settled the matter nearly a year later.

In 1984 an upsurge of OPM activity in Irian Jaya triggered Indonesian reactions. On February 13, when a group of OPM supporters attempted to raise the West Papuan flag on Irian Jaya's provincial capitol building in Jayapura as part of an ambitious plan for widespread protests in the province, they met with government resistance that resulted in two deaths. Clashes occurred, and Indonesian troops pursued fleeing OPM forces up to and at times across the border. Indonesian reactive searches and arrests in both the urban and rural areas created a flow of refugees to PNG. By October approximately 11,000 citizens of Irian Jaya had crossed the border, overwhelming PNG's refugee facilities from Blackwater camp near Vanimo in the north to the Fly River camps in the south.

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military action against separatists. The government does not permit unsupervised visits to Irian Jaya by foreign media. *Far Eastern Economic Review*, August 17, 1989, p. 32.

How to handle the border crossers and how to deal with Indonesia on the issue soon became a major concern. PNG first tried diplomatic channels, but Indonesia delayed a response and barely acknowledged the incidents. Given the nature of the border area—poor communication, jungle terrain, sparse population—neither country may have had the true picture of the border incidents. When a special border liaison group met, conferees reached a stalemate; Indonesia would not guarantee the safety of returnees to Irian Jaya, and PNG would not give information on the border crossers. Papua New Guineans wanted discussions with Indonesian authorities on the overwhelming problems imposed upon them by the border crossers, and they were offended by Indonesia's seeming denial of the crisis.

Initially PNG assisted the border crossers by feeding them and building temporary camps near the border. In accordance with policy agreed upon in the 1979 agreement, PNG treated them as illegal crossers and sought their repatriation. PNG accepted limited help from the United Nations High Commissioner for Refugees (UNHCR), but because PNG did not consider the crossers to be refugees, the UNHCR staff were not allowed to interview them. As the influx into camps continued, conditions deteriorated, food became scarce, and overcrowding the rule. When newsmen visited the camps and published photographs of the squalor the PNG public was outraged. Relenting under pressure, PNG officials allowed the UNHCR to minister to the wants of the refugees.

PNG's then foreign minister, Namaliu, raised the issue of Indonesia's border violation at the UN General Assembly, thus calling the world's attention to the thousands of Irianese fleeing to PNG. The Indonesian foreign minister responded by accusing the PNG government of interfering in Indonesian domestic affairs.

### **Political Repercussions of the Border Problems**

In time, border events took their toll on PNG political leaders. Foreign Minister Namaliu was replaced in late 1984, and Somare's government fell in November 1985. Somare judged border crossers to be just that—not political refugees, but temporary exiles who in time would return to Irian Jaya—and he also tried to get Indonesia's cooperation on the issue by raising it in the international arena. With successive waves arriving and inadequate facilities to house them, this strategy was obviously inadequate.

Paias Wingti took over as prime minister in 1985 and, having criticized Somare for his inaction on the border issues, initiated a vigorous program to improve relations with Indonesia. Indonesia also made overtures to the Wingti government for better relations. PNG ratified the United Nations Convention on Refugees and invited further UNHCR

involvement: i.e., running the camps, determining which crossers were true refugees, and assisting others to return to Indonesia. Shortly after Wingti took over in 1985 OPM leaders crossed into PNG and asked for asylum. This was denied and they were sent to a third country, thus avoiding Indonesian charges of aiding the OPM. Wingti also promised to relocate the refugees away from the border, and as of this year, approximately 8000 have been resettled in a UNHCR camp 150 kilometers from the border. Visits of high-ranking officials to each other's countries began, and ties between the two nations took on a measure of understanding. Indonesian officials visited camps in PNG where they assured the refugees of a safe reception back in Irian Jaya. An estimated 2000 returned voluntarily.

Since then high officials of both governments have repeatedly confirmed their intention to settle differences by peaceful means. In 1986 the two countries signed a Treaty of Mutual Respect, Friendship, and Cooperation which, although not providing for any new or different border agreements, represented a major effort to cool down the controversy and improve the basis for amicable relations. It promised more trade and expansion of air and sea links. Defense attaches were again exchanged after a two-year hiatus, and agreement was reached on patrolling the common border, although Papua New Guineans still did not accept the idea of joint patrols.

After the Wingti government fell on a vote of no confidence in July 1988, Rabbie Namaliu took over the government, and Somare, PNG's most highly regarded international figure, became foreign minister. Nevertheless, relations between the two countries became strained again in 1988 after Indonesian troops repeatedly violated the border in pursuit of OPM guerrillas. By October there had been seven Indonesian troop incursions, several of which involved an exchange of fire with PNG troops, and four PNG diplomatic protests without satisfactory replies.<sup>9</sup>

In response to an October 1988 incident when Indonesian troops strayed across the border and, according to locals, kidnapped or, as the Indonesians said, requested "guidance of" some Papua New Guineans in order to find their way back to the border, PNG sent what its newspapers described as a high-powered protest to Indonesia. Jakarta responded to the effect that as long as the OPM continues to engage in illegal activities in the border region, such incidents would continue to occur.<sup>10</sup> This angered PNG. Within two days of the receipt of this response Somare went to Indonesia for previously scheduled border talks with Foreign Minister Ali Alatas, from whom he received an apology for the incursion. Alatas

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<sup>9</sup>*Pacific Islands Monthly*, November 1988, p. 9.

<sup>10</sup>*Niugini Nius*, November 4, 1988, pp. 1-2.



also requested PNG cooperation in wiping out the OPM movement, but Somare rejected the idea, saying, "The OPM problem is an internal matter for the sovereign independent nation of Indonesia to handle.... We cannot possibly enter into agreement to squash OPM in our border."<sup>11</sup> Somare on his return said that he and Foreign Minister Alatas would deal with border emergencies by personal contact in the future.

From all appearances, this low-key approach has worked. Tensions have cooled in 1989, and border incursions by Indonesian troops have dropped markedly. Diplomatic mechanisms put into effect by the Treaty of Mutual Respect, Friendship and Cooperation, and Somare's efforts to maintain a dialogue with Indonesian leaders, have brought an improvement in relations. Considering its past volatility, however, one cannot rule out a border crisis in the future.

### **PNG's Dilemma**

The OPM represents a particularly difficult problem for PNG as the country is torn between the need to get along with its great neighbor and feelings of sympathy for the Melanesians across the border who want independence. The government has followed a cautious policy: trying to settle matters with Indonesia without giving up any of its sovereignty, limiting its overt sympathy for the OPM, and refusing asylum to OPM leaders. It has skillfully managed to steer a course that does not seriously offend Indonesia but at the same time neither discourages the OPM nor upsets sympathetic members of the PNG population.

Stating that the OPM is a domestic problem for Indonesia is a useful policy on the part of PNG, as it precludes taking action against the OPM. Jakarta has also labeled it a domestic problem. Such a policy allows the PNG government to tell its people that it is not working against the OPM.<sup>12</sup> On the other hand, the government knows that refugee camps protect some OPM members and that authorities often turn a blind eye to OPM supporters in Port Moresby. The OPM, however, can do little to influence the government, while Indonesia has the ability to exert considerable pressure on PNG. Many influential citizens of PNG do not approve of their government's policies. Among civil servants, educated elites, and academics, there is sympathy for the OPM and support for a harder line toward Indonesia.

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<sup>11</sup>*Islands Business*, December 1988, p. 21.

<sup>12</sup>In 1978, 1981, and 1985 the government of PNG expelled OPM leaders to other countries.

PNG regards the border problem as a major political and foreign policy issue, but for Indonesia it is a minor security problem. Jakarta views the OPM as an illegal organization challenging the sovereignty, internal security, and unity of Indonesia. Indonesia has recently made a major effort to crush the OPM; in the past, it reacted only after OPM actions. These responses have seemed brutal and unnecessary to Melanesians but moderate and essential to Indonesians.

Both sides have focused mainly on crisis management and crisis prevention—how to prevent camps from being used as a sanctuary for the OPM, how better to delineate the border, and how to institute better communications procedures to report incidents accurately and promptly. The recent establishment of a PNG consulate in Jayapura, the promise of an Indonesian consulate in Vanimo, and the formation of border committees and subcommittees to handle incidents are efforts to help cope. The basic problem—conflict between OPM's desire for and some PNG sympathy for a Melanesian state and Indonesia's determination to make Irian Jaya an integral part of Indonesia—is not now a major source of trouble between the two nations but has the potential to be so again.

#### **PAPUA NEW GUINEA AND AUSTRALIA**

Both Papua New Guinea and Australia are pro-Western in outlook. Both are members of the Commonwealth, recognize Queen Elizabeth II as head of state, and share a past as colonies of the British empire. Both play active roles in the South Pacific Forum. Australia, the strongest member of the South Pacific community, is a developed country with a population that is overwhelmingly Western. It is tied to the West by a series of alliances—to the United States and New Zealand by ANZUS and to the United Kingdom, Malaysia, New Zealand, and Singapore by the Five Power Defence Agreements. PNG has no such alliances but has friendly agreements with both Australia and Indonesia and has observer status in ASEAN.

Formal linking of Australia and what is now PNG occurred in 1906 when the British transferred control of the crown colony of Papua, as they called their southeastern quarter of the island, to Australia. New Guinea, the northeast quarter, was a German colony, but Australia seized control of it during World War I and assumed the administration of the whole eastern half of the island. After 1945 Australia administered the territory of New Guinea under a United Nations mandate and guided its transition to self-government. When Papua New Guineans achieved full independence in 1975 they adopted a parliamentary government modeled on that of Australia.

Since independence PNG has looked to Australia as its natural ally and sometimes protector, and both describe the relationship as "special." The present prime minister, Rabbie Namaliu, referred to it in 1984 as the most diverse and intensive of PNG's relationships with other countries. He stressed, however, that the "'special' relationship between Papua New Guinea and Australia is only part of each country's overall foreign relations. But it is a relatively more important part to Papua New Guinea than to Australia."<sup>13</sup>

After World War II the Australian government began to open Papua New Guinea to economic development by instituting a massive aid program which, along with Australian investors, businesses, and individuals, aimed to boost the backward economy into the twentieth century. With independence in 1975 the Australian government judged that PNG did not yet have the fiscal base or trained administrators to support a government, so it continued to provide large amounts of budget support and recruited Australians to fill positions throughout the new government. Australian private investment also bolstered many sectors of the economy, and PNG became a principal market for Australian goods. Thus, Australia became a pervasive influence in its former colony.<sup>14</sup>

### **National Security**

As PNG establishes itself as a free nation in the world community, an increasing nationalism propels it to seek a more equal partnership with Australia. Both sides recognize PNG's present dependence on Australia, but both advocate a policy of more independence and reductions of Australian budgetary support. PNG is ambivalent about economic aid, resenting it yet at the same time opposing any reduction. Also, many Australians do not want to relinquish their grip on PNG for reasons of both power and material riches. As former foreign minister Ted Diro expressed it, Australians were close to PNG in the past, and they feel that "PNG should continue to be their 'territory.'"<sup>15</sup> One Australian official remarked that Australia had to be the "big man" in PNG.

Defense considerations have been an important element in the PNG-Australian relationship, and the two countries' stands on major issues have remained consistent. In 1977 the two governments issued a joint statement confirming their intention to consult at

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<sup>13</sup>"Papua New Guinea-Australia Relations," address to conference at Australian National University, September 13, 1984. Namaliu was then Minister for Foreign Affairs and Trade.

<sup>14</sup>See Section II for details of Australian economic aid to PNG.

<sup>15</sup>Foreign Broadcast Information Service, *East Asia*, November 24, 1987, p. 54.

the request of either about matters affecting common security interests and about other aspects of their defense relationship, and established an extensive defense cooperation program. They demonstrated their cooperation in 1980 when Vanuatu requested PNG's aid in quelling a rebellion in Vanuatu, and PNG turned to Australia for assistance. Australia helped PNG by providing technical advisers and logistics to quell the rebellion.

Australia's recently expressed policy is to become more closely integrated with the Asia-Pacific region.<sup>16</sup> When Prime Minister Namaliu said in September 1988 that the South Pacific felt Australia had neglected the area, Australia's foreign minister replied that such may have been true in the past, but in recent years he and his predecessors have given PNG increased attention and made frequent visits to the island states. Australian foreign policy, he said, should make the region its first basic reference point.<sup>17</sup>

The Papua New Guinea Defense Force was established at independence in 1975. An outgrowth of the Pacific Islands Regiment formed in World War II, in which originally all officers and noncommissioned officers were Australian, the PNGDF has gradually been taken over by an indigenous officer corps trained largely by Australians. The PNGDF takes part in combined exercises with Australian forces and depends to a large extent on the Australian intelligence network for its intelligence. Australian aid, both budgetary assistance and direct assistance to defense forces, accounts for approximately one-half of the PNG defense budget; without it PNG could not maintain and manage its defense forces. Thus Australia retains close ties to the PNG military, but the relationship is not without tensions.

The 1987 "Declaration of Principles Guiding Relations between Papua New Guinea and Australia," undertaken at the initiative of the PNG government, underlines the importance of the relationship. Its basic principles reaffirm both countries' commitment to strengthening their close relationship, peaceful settlement of disputes, cooperation in defense, noninterference in internal affairs of other countries, exchanges for mutual benefit, and measures to develop PNG's economy in order to encourage PNG self-reliance.

The four defense clauses called forth more comment than did all other areas of the agreement, especially the last of the four. The defense clauses are:

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<sup>16</sup>"Australia's Integration into the Asia-Pacific Region," address by Senator Gareth Evans, Minister for Foreign Affairs and Trade, Washington, D.C., October 7, 1988.

<sup>17</sup>Foreign Broadcast Information Service, *East Asia*, September 26, 1988, p. 58.

- Recognizing that each Government has primary responsibility for its own security, the two governments undertake to continue to maintain and develop their respective defense capabilities.
- Conscious of their unique historical links and shared strategic interests, the two Governments will continue to engage in defense cooperation through consultation and in such areas as agreed exchanges, consultancies, combined projects, military training and combined exercises as would be decided by them from time to time.
- The two Governments reaffirm the existing agreement and arrangements between the two countries covering the status of Service personnel from either country present in the other, the provision of supply support, and consultations on politically sensitive situations in which Australian loan personnel might be involved.
- The two Governments will consult at the request of either about matters affecting their common security interests in the event of external armed attack threatening the national sovereignty of either country; such consultation would be conducted for the purpose of each Government deciding what measures should be taken, jointly or separately, in relation to that attack.

Australia declared the joint declaration a success. Australian High Commissioner in PNG, Lance Joseph, speaking at a military ceremony at Lae's Igam Barracks in June 1988, declared that the defense clause provisions for consultation in the event of an emergency were seen in Australia as an important reaffirmation of Australian support for the security of PNG.<sup>18</sup>

But in PNG, criticism of the last defense clause came from varied sources. Concerned about going it alone, PNG negotiators wanted a formal commitment from Australia, but Australia was reluctant to assume the obligation to intervene. Brig. General Huai, then PNGDF commander, criticized the defense clauses, saying that the final defense provision is to Australia's advantage, and that it was forced upon Papua New Guinea to continue Australian dominance over the country. He added that Australia has a lot at stake in PNG and does not want other countries to take a leading role.<sup>19</sup> Both General Huai and

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<sup>18</sup>*Post-Courier*, Port Moresby, June 21, 1988, p. 2.

<sup>19</sup>*Ibid.*, February 2, 1988, p. 4. Brig. General Huai was relieved of his job as Defense Force Chief after leaking the wording of the defense clauses to Indonesia's Defense Chief, General Murdani, before it was made public.

Australian authorities noted Australia's reluctance to get involved at early stages of any crisis and assumed that both a formal PNG request for Australian assistance and any military response would be delayed.<sup>20</sup>

### **Issues Threatening Australia-PNG Relationship**

The issue that could emerge as the most serious strain on relationships between the two countries concerns PNG-Irian Jaya border violations (see above). If Indonesia's incursions were to become too flagrant, PNG would look to Australia for protection. The two would consult under the provisions of the Declaration of Principles, and PNG might request Australian aid, or even troops.

The prospect of Australian troops facing Indonesian forces across the border is a disturbing one for Canberra. Although relations between Indonesia and Australia have been tense at times, largely because of cross-cultural misunderstandings, Australia's policy is to maintain Indonesia's friendship. Canberra finds itself on the horns of a dilemma: if it helps its small neighbor, it will offend Indonesia; if it refuses to help, PNG might either buckle under to encroachments by its giant neighbor and find itself an Indonesian satellite, or seek help and attachments elsewhere. In either of the last two cases, the outcome would be diminished Australian influence in the region.<sup>21</sup>

Australia's caution was evident in November 1988 after an Indonesian incursion at the border. As part of an ongoing program to promote development, a 25-man Australian Army engineering unit was working in the highlands to assist in road and bridge improvement, and PNG and Australia were negotiating to move the team to the jungle area near the border. After the incursion, PNG tried to hasten the unit's deployment in the vicinity of the incursion. Australia, for its part, wanted to avoid any diplomatic misunderstanding that could develop if Indonesia viewed the proposed posting as a reaction to border violations. Foreign Minister Evans promptly stated that the negotiations had been going on well before the incident and that Australia was unlikely to move the engineering troops until 1990.<sup>22</sup>

During the Wingti administration from 1985 to 1988, ties between Indonesia and PNG improved to the extent that some Australians became concerned. The PNG prime

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<sup>20</sup>Ibid. and Babbage, op. cit., p. 87.

<sup>21</sup>Comments based on authors' discussions with Australian officials in Canberra and Washington.

<sup>22</sup>*Jane's Defence Weekly*, November 12, 1988, p. 1182.

minister, defense minister, and other officials visited Indonesia and were showered with gifts and told that any troubles between them could readily be solved. This sudden courting of PNG made the Australians wary of Indonesia's motives.

Many Australians fear that any assistance with PNG's problems could involve them in a major crisis. For example, the Australian military has provided helicopters to the PNGDF which are being used in Bougainville, but it is holding back from any direct involvement that could ignite further resistance. But others see Australian involvement in PNG's security as inevitable. Earlier this year the Australian Army's Chief of General Staff, Lt. General O'Donnell, publicly expressed his country's concern with the OPM issue. "This friction is likely to continue, and it would be difficult for Australia to stand aloof, even if it wanted to, should the tension escalate into conflict.... Like it or not, we as a nation are already involved."<sup>23</sup>

Domestic problems plaguing PNG society could also develop into major issues between PNG and Australia if allowed to deteriorate: the apparent breakdown of law and order, the delicate balance of political stability, and threats that the rich province of Bougainville will secede. If Bougainville were to secede and other provinces followed, PNG's breakup into a number of small states would be an invitation to outside intervention, possibly by nations unfriendly to Australia.

In addition to these major issues, other minor concerns have caused friction between the two countries: cultural differences in attitudes toward the media represent a case in point. PNG, the young nation sensitive to criticism, is wary of the rough-and-tumble of democracy's media, of which Australia's is the most free and open in the world. As owners of most of PNG's media outlets, Australians have frequently angered New Guineans by their negative reporting, straight talk, and exposures. In September 1988, a series of articles in Australia's press about PNG's high crime rate and its effect on Australian expatriates caused embarrassment for both countries. In early 1989, citing irresponsible reporting by Australians and New Zealanders, Foreign Minister Somare called for a code of conduct for media personnel working in the South Pacific. In his judgment, the Australian and New Zealand governments have a moral obligation to stop such reporting, he said.<sup>24</sup> But any curtailment of the free media raises the hackles of the Australians.

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<sup>23</sup>*The Australian*, November 10, 1989, p. 11.

<sup>24</sup>*Pacific Report*, March 16, 1989, p. 5.

In an effort to assert its independence of former colonial ties, PNG has recently spoken out when its foreign affairs policies have differed from those of Australia. Differences have arisen between the two nations concerning Third World countries in the Pacific region. Both oppose French nuclear testing and colonialism, but PNG takes a vociferous stand against French rule in Melanesian New Caledonia and against the French presence in the Pacific. Australia considers France a stabilizing presence in the Pacific. In 1987 the two governments took opposite positions on the Fiji military coup that wrested power from a democratically elected government dominated by ethnic Indians and returned to power the party of the indigenous Fijian minority. PNG supported the native Fijians and promptly recognized their return to government. Australia, however, registered strong opposition to the usurpation of power by a military-backed Fijian regime and delayed recognition.

Both Australia and PNG now handle their mutual relations with greater care than in the past, and, along with Indonesia, clearly try to limit damage from border incidents. Those familiar with the problem, however, believe that the OPM will continue to cause strains at the border.

Obviously, both Australia and Indonesia have a stake in maintaining a viable, stable, friendly PNG, but Indonesia is reluctant to interfere in matters affecting the other two, recognizing that PNG is a responsibility of Australia and within the latter's sphere of influence.

Australia feels that PNG must remain a viable, friendly, stable state for several reasons. Australia launched PNG's independence and wants it to succeed as an independent nation. In the role of parent, however, it does not want to let it go entirely.<sup>25</sup> PNG is home to a sizable number of Australian expatriates and also the recipient of large Australian investments. There are also emotional ties stemming from their long relationship, including the binding experience of fighting together in World War II. PNG is Australia's closest neighbor, and, as emphasized above, any threats to PNG's viability as an independent state would be viewed as a threat to Australian security.

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<sup>25</sup>An Australian source who is a long-time student of PNG-Australian relations advised that even if the Australian government might tolerate Indonesian intervention in PNG, the Australian public would not.



#### IV. THE UNITED STATES AND PAPUA NEW GUINEA: POLICY AND PROBLEMS

The United States, as a Pacific nation, has an interest in the continuing peace, stability, and economic prosperity of the region, and to maintain these, we seek close cooperation and consultation with the Pacific peoples and their governments. Our announced policy in the area is to promote democracy, respect for human rights, and free trade. In support of defense commitments, "...we seek to maintain the overall strategic balance among major powers in the region which ensures our own operational ability, maneuverability, and access in time of crisis."<sup>1</sup>

President Bush's August 1989 statement on PNG-U.S. relations made at the presentation of the PNG ambassador's credentials emphasized the climate of friendship between the two nations. No issues of contention enlivened the statement, nor did any superlatives; it reflected a low-key effort on both sides to maintain the even tenor of the relationship. At the present time, ties between the two countries on diplomatic, military, business, and private-exchange levels are good. Papua New Guineans in general like and respect Americans. Many American missionaries work throughout the country, and the people remember American goodwill and generosity during World War II. Even at the grassroots level, this feeling pertains: cargo cults, for example, perpetuate pro-American sentiments.

For their part, Americans return these feelings of goodwill toward the Papua New Guineans. The U.S. government has a modest aid program with PNG at approximately \$6 million per year. Our government has recently established an AID office in our Port Moresby embassy and is negotiating a new bilateral aid agreement that will provide for an increased PNG involvement with the administration of aid.

Many Pacific islanders criticize the United States for the low level of economic assistance and our so-called neglect of the area in contrast to more generous aid and attention given to other developing countries. They cite the larger amounts of per capita aid going to such areas as sub-Saharan Africa and charge that the United States is not living up to its promises. The Americans must realize, a former PNG official told us, that the island countries' first priority is economic assistance. The United States has placed priority on its

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<sup>1</sup>Speech by Assistant Secretary of State for East Asian and Pacific Affairs, Gaston J. Sigur, Jr., U.S. Department of State *Bulletin*, December 1986, p. 75.

superpower status, he said, neglecting the area's economic development until the recent surge of Soviet interest attracted more attention.

U.S. efforts in PNG now aim to make the United States more visible by sending a variety of visitors from many fields and by giving them publicity in the country. USIA programs encouraging American participation in PNG development arrange such visits and exchanges. The Peace Corps, a modest effort that grew to 80 volunteers by 1989, focuses on agriculture, rural health, and education.

U.S. business interests and investments in PNG have been slowly expanding. The extent to which the rebellion that closed the Bougainville mine and agitation against foreign ownership and profits will discourage U.S. investment is uncertain. At this writing in December 1989, U.S. firms' participation in mining, petroleum exploration, and other extractive industries continues.<sup>2</sup>

As the first step in expanding PNG's security cooperation to nations other than Australia, the United States and PNG have negotiated a stepped-up U.S. presence in PNG. Based on the U.S. Commander-in-Chief Pacific (CINCPAC) peacetime strategy of improving military relations in the Pacific, the two governments now have a status-of-forces agreement, and a defense attache will be assigned to our Port Moresby embassy. As part of a program begun in 1987, CINCPAC agreed to send a 13-man military special forces team to PNG for approximately 20 days to train and participate in joint exercises. The first teams worked well with the troops in 1988 and 1989, and since then, a U.S. Special Forces sergeant has been assigned to the PNGDF under a personnel exchange program. He lives with the troops and assists them in training.

CINCPAC also cohosts seminars and meetings in Honolulu and other regional cities on such subjects as logistics, supply, etc., to which members of the PNGDF are invited. Much of the CINCPAC-administered assistance is humanitarian, not formal military training—civic action projects, conferences, and educational meetings. U.S. Navy ship visits have proved a popular undertaking and aim for visibility while helping the economy. Under Project Handclasp, the ship's crew gives people and organizations tools, hats, sewing machines, clothing, and other needed items—all of which are donated by the U.S. private sector. Navy Seabees also visit and engage in training and local improvement projects. PNG has agreed to allow U.S. Air Force B-52s to overfly their territory in training flights.

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<sup>2</sup>Some American companies are adjusting to the touchy situation in PNG. Chevron, for example, has employees there who are tasked with cementing relations with the local people. They hope to avoid a situation such as now exists in Bougainville.

Canberra has given the U.S. military assistance program in PNG its approval, although from some individuals the approval is a grudging one. Press comment questioned the need for it, but the U.S. government responded with openness that dampened further criticism. Since the U.S. effort is minuscule when compared with Australia's defense assistance, competition between the two is highly unlikely. Furthermore, Australia and the United States coordinate assistance to the PNG as well as to other South Pacific nations. The two governments remain in close touch on these issues.

However, two situations could develop in PNG which would become of concern to the U.S. and lead to tense situations involving both Australia and Indonesia. First, intensified OPM activities, especially along the PNG border, could irritate the Indonesians to the point where they launch large military operations in an effort to wipe out the OPM. If these operations spilled across the border, PNG would likely call for Australia's assistance. Any such aid would be particularly awkward for Australia because of its limited means of intervention and its desire to maintain the present calm relations with Indonesia. A confrontational situation could develop, however, between Indonesia and Australia.

Second, a somewhat similar situation could arise if the deterioration of conditions within PNG led to chaos or to its breakup. Such developments would undoubtedly produce great anxiety in both Australia and Indonesia and possibly invite third parties to intervene.<sup>3</sup> Indonesia's history reveals little tolerance of turmoil on its borders and a tendency to take action. Australia also would not be comfortable with such a situation near its borders, especially in a former colony in which it has sizable interests and attachments. Both countries might feel a need for action.

In the case of an intervention over the border problem, a direct confrontation of troops might occur if Australia comes to PNG's assistance. In the second situation, Australia and Indonesia would have time to consult on action so that a confrontational situation need not develop. But if Australia were seen as too slow or unable to act, Indonesia might take measures of its own. Any Indonesian intervention would cause press and public outcry in Australia, creating high tension which both governments want to avoid. Should Australia request U.S. backing or assistance under the ANZUS treaty, the United States would be in an awkward position.<sup>4</sup> Australia is our friend and ally, and Indonesia is also a friendly nation, and the United States wants to retain the friendship of both.

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<sup>3</sup>A recent statement by Indonesian Foreign Minister Ali Alatas warned third parties against interfering in PNG-Indonesian relations. *The Australian*, September 21, 1989, p. 11.

<sup>4</sup>The 1951 security treaty between Australia, New Zealand, and the United States is still in effect between Australia and the United States only.

For the U.S. policymaker and indeed for PNG's friends and neighbors, a critical question is whether PNG is retrogressing as a nation-state and moving toward anarchy or division into small units. Powerful factors are pulling in both directions, thus creating a delicate situation in the country today. The related ideas of independence and nationalism, though perhaps losing some of their luster, are still powerful forces in PNG and the South Pacific. Part of the problem in PNG at present is whether nationalism stops at the level of PNG as a nation or is carried further down to the provinces. What is viewed as separatism by PNG nationalists is seen by the separatists as nationalism carried to its proper level. The latter notion, if pursued to its unlikely extreme, would take PNG full circle and back to the family clan.

Key groups who support the PNG government—national politicians, the central bureaucracy, and successful businessmen—are small in numbers but have significant power and money. However, the politician who is also a businessman seems to be playing an unintended contradictory role. Since national politicians depend on the national government, they are bound to support the nation-state. As businessmen, they also support the national entity as a large, convenient, stable, and safe arena for business. Yet because the PNG politician-businessman has as his first priority the drive for personal power and wealth and as his second the welfare of the nation, political parties lack cohesiveness and specific programs, which lead to instability and paralysis in the government. Such a political situation contradicts their desires as businessmen for order and security.

The educated young, especially those in higher education, appear nationalistic, proud of PNG, and ambitious for its future. Nationalism has gained more of a following recently in the provinces where schools and radio, run by the central government, promote it. PNG's role in securing Vanuatu's unity and independence and its membership in world organizations such as the United Nations and the Non-Aligned Movement appeal to the nationalist spirit. PNG nationalism still has some of the characteristics of a cargo cult that many believe will provide solutions to all problems.

Once launched, the nation-state develops a certain momentum which carries it forward; police and security forces exist to support it and to promote development and security, while other groups develop a vested interest in the survival of the state. The churches have also favored national unity, although the Catholic clergy in Bougainville today reportedly support the separatists. Furthermore, foreign nations and international agencies support and aid the national government. The Australian government provides economic and military assistance, advisers to the government, and moral and other support

for PNG as a nation. Other national and international donors, including the United States, hope that their aid will strengthen the government and lead to greater economic development and stability in the country.

On the other hand, many customs and practices work as centrifugal forces against the nation-state. For most Papua New Guineans, the clan remains the basic unit of society, and custom, often anti-modern, continues to dominate life. Preindependence Australian rule, largely through the kiaps (district officers), was local and limited and, though effective, did not foster national feelings. The concept of the nation-state had no place in traditional PNG. Provincial feelings are also nurtured by the existence of the Port Moresby government, which provides a distant national forum for competition among the geographic entities. Differences in the provinces' natural resources that are vital for development reinforce separatist feelings in certain provinces. Many in the rich provinces believe they would be better off free of supporting the central government and the poor provinces.

Regional blocs competing in the national arena for power and wealth have also emerged and reinforce earlier identities of the highlanders, islanders, and Papuans. These divisions compete with the national government for loyalty and resources and are a force for disunity.

A major unifying influence for the young nation comes from abroad. Both PNG's high dependence on foreign assistance, expatriate skills, and capital to develop extractive industry, and the central government's return from these enterprises assist in integrating the economy and the nation. Without external contributions, disintegrative tendencies would gain more headway. They are a force for unity and a force for modernization, both of which favor the nation-state.

We believe the most likely scenario for the coming decade to be that modern economic development and the emotional and practical attraction of PNG nationalism will prevail over divisive forces, and that PNG will muddle through. Although Bougainville may secede, its loss will not likely lead to PNG's breakup. The political momentum is under way to develop PNG's potential riches. Efforts to strengthen the central government will slowly succeed so that law and order can be improved and social and economic development accelerated. These developments will take time, leadership, considerable effort, and generous support from abroad.

We must not expect too much too quickly of PNG and its people. Although our efforts to accelerate the process of modernization are limited and often bring frustration for us as well as them, we must respect old cultures and recognize the difficult transition taking place. Otherwise, we risk serious misunderstandings and increasing problems.

U.S. policy should reflect the modest expectations we hold for PNG's progress. Our present diplomatic, economic, and military relations with PNG are fostering such an approach, and should continue on that course. Crucial to PNG prospects for development and unity are the cooperation and assistance of Australia, the United States, and other developed countries. We must continue to extend aid, technical expertise, and capital and to work with other donors for the benefit of the young nation and its people, and we must do so with an understanding of its many problems and unique culture.